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Public Service Commission of Wisconsin  
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June 24, 2021

Ms. Steffany Powell Coker  
Secretary to the Commission  
Public Service Commission of Wisconsin  
4822 Madison Yards Way  
Madison, WI 53705-9100

**RE: 2022 Voluntary Community Conservation Program Filing; Docket: 4220- EE-2022**

Per the Public Service Commission of Wisconsin's Administrative Code 137.08, Northern States Power Company, a Wisconsin Company and wholly owned subsidiary of Xcel Energy, Inc. is submitting its 2022 Voluntary Community Conservation Program Filing for approval.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Lori Drilling'.

**Lori J. Drilling**  
**Xcel Energy | Responsible By Nature**  
Manager, DSM & Energy Efficiency Programs

## 2022 Voluntary Community Conservation Program Filing

Xcel Energy continues to be a national leader in energy conservation; offering a comprehensive portfolio of efficiency and demand-side management programs for customers throughout our service territory. We are dedicated to helping customers manage their energy consumption through one of the largest energy saving program portfolios in the United States. Customers save money and we avoid emissions and the need to purchase, build or produce additional power. It's critical in our continuously evolving industry that we continue to help our customers understand the benefits of energy efficiency programs and make it as easy as possible to take advantage of them.

Northern States Power Company, a Wisconsin Company (NSPW) and wholly owned subsidiary of Xcel Energy, Inc. has a legacy of providing energy efficiency programs to our customers in Wisconsin. Since the inception of the statewide efficiency program, Focus on Energy (Focus), we have partnered our Voluntary Community Conservation Program (CCP) with Focus programming to provide incentives, bring greater awareness of energy conservation and to bring efficiency education to customers in our service territory.

NSPW continues to ensure each year that the CCP is cost-effective and beneficial to our customers. The Commercial sector continues to achieve a cost-effectiveness score that exceeds the goal, which was updated for the 2020 program year. However, the last two years has shown a decline in the cost-effectiveness score for the residential sector. Residential program lift has also not recovered back to the pre-2017 level when the CCP bonus was reduced from 80% to 60%. Although the evaluation shows we're still reaching customers and delivering both energy savings and a positive customer experience, NSPW addresses the cost-effectiveness and lift erosion in Sections One and Two.

As required in the Public Service Commission of Wisconsin's Administrative Code 137.08, this filing requests approval of our 2022 Voluntary CCP; with an anticipated effective date of January 1, 2022.

The information provided includes the following sections: Section One – Overall CCP Program Details, Section Two - Residential CCP Specifics, Section Three - Commercial CCP Specifics, Section Four – Mid-Market Program Specifics and Section Five – Pilot Program Proposal.

<b>SECTION ONE</b> <b>2022 Community Conservation Program (CCP) – Overall Program Details</b>	
General Program Description	The NSPW CCP provides additional opportunities for residential and small to medium commercial and industrial customers who participate in Focus programs. It also helps bring Focus program information to areas of our service territory that may have not otherwise been reached by standard Focus marketing efforts.
Goals and Measures	<p>The goals for the 2022 CCP are below:</p> <ol style="list-style-type: none"> <li>1. Ensure the CCP is influencing NSPW customers to participate in energy conservation measures and to take advantage of the Focus programs and incentive dollars available to them. <ol style="list-style-type: none"> <li>a. Program participation is measured through tracking overall NSPW customer participation in both Focus and CCP programs. Because the CCP is offered in conjunction with Focus programs, participation is primarily tracked through the Focus Utility Reporting Portal and/or reports from program implementers. NSPW also tracks bonus incentive payouts in our Salesforce system.</li> <li>b. Results are analyzed and compared with historical data to ensure consistent or increased participation in all categories.</li> <li>c. Analysis of available data on other utilities' customer participation in Focus programs is also considered in comparison to NSPW results.</li> </ol> </li> <li>2. Contract with Cadmus to conduct an evaluation of the 2022 program which includes both free-ridership and cost-effectiveness: <ol style="list-style-type: none"> <li>a. Evaluation Plan with Cadmus for third-party evaluation requirements of 2022 program to be finalized and filed with Commission in Q3 2021, once full details of this 2022 program filing are finalized and can be included in the evaluation scope of work.</li> <li>b. NSPW will work with Commission staff on evaluation development.</li> <li>c. Evaluation will take place Q1 and Q2 of 2023.</li> <li>d. Provide a copy of the Cadmus Evaluation Report to Commission upon completion in Q2 2023.</li> <li>e. Evaluation results will be used to influence handling of 2023 program and 2024 program planning.</li> </ol> </li> <li>3. Goals for cost-effectiveness based on Cadmus findings in the</li> </ol>

	<p>2022 program evaluation:</p> <ol style="list-style-type: none"> <li>a. Findings from the last two evaluations (program years 2019 and 2020) indicate that it's unlikely NSPW will be able to achieve a residential cost-effectiveness score of 3.0 going forward. Due to the lower benefits from the lower avoided costs, NSPW's residential UAT score has been below 3.0 for the past two years. Based on these results, NSPW would like the Commission to consider an adjustment to the residential UAT score.</li> <li>b. As stated earlier, the commercial program continues to achieve a cost-effectiveness score greater than the goal. NSPW is not proposing a change to commercial and will continue with the current goal of a UAT score of at least 8, when calculated without Focus administrative costs.</li> <li>c. The second target is that the residential program's NTG score will be not fall below 50% and the commercial program will not fall below 70%.</li> </ol> <p>4. Budget vs. expenditure tracking analysis:</p> <ol style="list-style-type: none"> <li>a. Ensure expenditures are in line with commission approved budgets.</li> <li>b. Analyze to ensure dollars spent on program administrative costs, advertising and EM&amp;V are in line with program delivery costs.</li> </ol> <p>5. File quarterly reports to the Commission and include overall results in the NSPW Customer Service Conservation Annual Report.</p>
Marketing, Promotion & Communication	<p>NSPW works with Focus program administrative staff to coordinate with and complement their marketing, promotion and communication efforts in addition to targeting areas in our smaller or rural customer territories which Focus may not reach. Promotion efforts may include:</p> <ul style="list-style-type: none"> <li>• Advertising <ul style="list-style-type: none"> <li>○ Print</li> <li>○ Radio</li> <li>○ Newsletters</li> <li>○ Bill inserts/e-bill onserts</li> <li>○ Direct Mail</li> <li>○ Social Media</li> </ul> </li> <li>• Community Involvement <ul style="list-style-type: none"> <li>○ Home Shows</li> <li>○ Chamber Events</li> <li>○ School Events</li> <li>○ Sponsorships</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Community Events</li> <li>○ Semi-annual trade ally meetings – winter/summer (6 throughout service territory)</li> </ul>
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<b>SECTION TWO</b> <b>2022 Community Conservation Program (CCP) – Residential Sector Specifics</b>											
General Program Description	<p>The Residential Sector of the CCP is designed to increase our residential customers' overall awareness of, and participation in, Focus programs. We also provide bonus incentives to further motivate and financially assist customers who participate in specific energy saving measures.</p> <p>Labor costs for this sector includes an appropriate percentage of time for:</p> <ul style="list-style-type: none"> <li>• Manager, DSM &amp; Energy Efficiency Programs</li> <li>• Project Coordinator</li> <li>• Energy Expert Agents</li> <li>• Community Service Manager involved in the proposed Tribal Pilot explained in Section Five</li> </ul>										
Target Market	Residential customers throughout our service territory may be served by this program.										
Home Performance with ENERGY STAR Program	<p>The 2020 evaluation results show a drop in program lift. The downward decline in this area began in 2017 when the residential bonus incentive was dropped from 80% to 60%. It recovered slightly in 2018 but dropped again in 2019 and 2020. In an attempt to increase our impact on participation, NSPW is proposing to increase the bonus incentive to eligible customers participating in the 2022 Focus Residential Program from 60% to 75% in 2022. A budget increase would not be necessary for this proposal alone, however, combined with the proposed Tribal Pilot, a \$30,000 increase to the incentive budget is being requested. (As in the past, total combined (Focus and NSPW) incentives may not exceed 90% of the total project cost.)</p> <p>The incentive amount, advertising and evaluation line items include additional dollars for the proposed Tribal Pilot explained in Section Five.</p>										
Estimated Annual Budget	<table> <tr> <td>Residential CCP Labor:</td><td>\$ 29,663</td></tr> <tr> <td>Rebates/Incentives:</td><td>\$ 620,000</td></tr> <tr> <td>Advertising/Program Delivery:</td><td>\$ 65,000</td></tr> <tr> <td><u>Voluntary Program Evaluation (EM&amp;V) - Cadmus</u></td><td><u>\$ 50,804</u></td></tr> <tr> <td>Total Program Costs:</td><td>\$ 765,467</td></tr> </table>	Residential CCP Labor:	\$ 29,663	Rebates/Incentives:	\$ 620,000	Advertising/Program Delivery:	\$ 65,000	<u>Voluntary Program Evaluation (EM&amp;V) - Cadmus</u>	<u>\$ 50,804</u>	Total Program Costs:	\$ 765,467
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Total Program Costs:	\$ 765,467										

<b>SECTION THREE</b> <b>2022 Community Conservation Program (CCP) – Commercial Sector Specifics</b>	
General Program Description	<p>The Commercial Sector of the CCP is designed to increase our small to medium commercial and industrial customers overall awareness of, and participation in, Focus programs. We offer bonus incentives to aid with the initial cost of installing qualifying energy efficient equipment under the Focus Business and Industry Program.</p> <p>Labor costs for this program include an appropriate percentage of time for:</p> <ul style="list-style-type: none"> <li>• Manager, DSM &amp; Energy Efficiency Programs</li> <li>• Project Coordinator</li> <li>• Community Service Manager involved in the proposed Tribal Pilot explained in Section Five</li> </ul>
Target Market	Small to medium commercial and industrial customers throughout our service territory who qualify for the Focus Business and Industry Program are eligible for the Commercial sector of the CCP.
Business and Industry Program	<p>NSPW will continue offering bonus incentives to eligible commercial and industrial customers who participate in the 2022 Focus Business and Industry Program.</p> <ul style="list-style-type: none"> <li>• NSPW will offer a bonus incentive equal to 50% of the Focus incentive, up to \$4,000 per customer premise.</li> </ul>
Mid-Market Targeting Bonus	<p>NSPW would like to continue an additional bonus incentive for those customers who participate in the Focus Business and Industry Program as a result of the targeting that will be done in 2022 by the Mid-Market Program. The additional bonus incentive would be equal to an additional 25% of the Focus incentive, making the total bonus incentive from NSPW equal to 75% of the Focus incentive for the target markets. Target markets in 2021 consisted of agricultural customers, customers completing an assessment and completing a project within 6 months and customers in a community going through the implementation phase of the Partners in Energy (PiE) process. Targeting for 2022 will be defined after more information is attained as a result of the 2021 targeting but will likely include similar target markets. As of the time of this filing, 8 projects have qualified for the additional 25% bonus which has amounted to \$685 in additional incentives. There are currently another 50 projects in the pipeline that qualify for the targeting bonus with more expected to be added throughout the year.</p> <p>The advertising and evaluation line items have been increased to reflect expected expenditures in the proposed Tribal Pilot explained in Section Five. The budget for labor and incentives was not increased due to both areas being underspent in the past.</p>

Estimated Annual Budget	Commercial CCP Labor:	\$ 589,933
	Rebates/Incentives:	\$ 926,679
	Advertising/Program Delivery:	\$ 40,000
	<u>Voluntary Program Evaluation (EM&amp;V) - Cadmus</u>	<u>\$ 50,804</u>
	Total Program Costs:	\$ 1,607,416

<b>SECTION FOUR</b> <b>2022 Community Conservation Program (CCP) – Mid-Market Program</b>	
General Program Description	<p>This program is designed to provide dedicated resources in order to engage small and medium size commercial and industrial customers and create a deeper awareness of the benefits of energy efficiency, causing greater participation in the Focus programs.</p> <p>Labor costs for this program include all charges for the following five positions and are included in the Commercial CCP Labor section:</p> <ul style="list-style-type: none"> <li>• One Mid-Market Team Lead</li> <li>• Four Mid-Market Field Reps</li> </ul>
Target Market	The target market for the Mid-Market Program (MMP) is all commercial and industrial customers that are not managed by a dedicated NSPW Account Manager (LEU), and that are eligible for the Focus Business and Industry Program.
Mid-Market Program	<p>Through the Mid-Market Field Rep, NSPW is providing a resource that will manage the DSM relationship with mid-market customers, providing them with detailed information, recommendations and solutions concerning their energy utilization needs, including promotion of the Focus commercial programs. The Field Rep responds to customer needs primarily through on-site visits and other channels of influence including inbound and outbound calling.</p> <p>The Team Lead is the liaison between Focus staff and the Field Reps and holds regular meetings to ensure consistent communication. The Team Lead is also responsible for gathering and providing feedback in order to refine the targeting campaigns to maximize effective delivery of the MMP. They are also responsible for monitoring, supporting and developing the Field Reps to ensure the MMP objectives are being accomplished.</p>
Estimated Annual Budget	The budget for the MMP is made up of labor, incentives, promotion and administrative expenses. All MMP expenses are captured within the Commercial CCP Estimated Annual Budget.
Goals and Measures	The MMP has been integrated into the existing CCP in terms of budget and cost effectiveness measures, but is responsible for its own participation

	<p>goals. The ultimate goal of the MMP is to drive customers to the Focus Business and Industry Program. Outlined below are the proposed quantitative goals for 2022.</p> <ul style="list-style-type: none"> <li>• Drive one-on-one customer contacts to project completion at a rate of 15% (i.e. 15 completed projects for every 100 personal contacts)</li> <li>• Influence 30% of participants in the Business and Industry Program (i.e. for every 100 participants in this program, 30 will have worked with MMP)</li> </ul>
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<b>SECTION FIVE</b> <b>2022 Community Conservation Program (CCP) – Pilot Proposal</b>	
Tribal Community Pilot with Focus on Energy	<p>NSPW continues to look for ways to expand the CCP offering in order to impact areas that could benefit from additional support and may not be easily reached by Focus programming. To help with planning for the 2022 CCP, NSPW had conversations with PSC and Focus Staff to brainstorm ideas. An area that stood out that could benefit from more support were the low- and moderate-income households and rural businesses.</p> <p>At the same time, Focus shared their interest in using carryover dollars to target tribal communities in Wisconsin. Knowing the economic situation in the tribal communities and their infrastructure of small, tribal owned-businesses, NSPW realized that a program specifically targeting these communities would address the low- to moderate-income households and rural businesses need.</p> <p>NSPW and Focus began conversations to discuss a possible collaborative effort, enlisting the help of NSPW’s Community Service Manager (CSM) that serves the tribal communities in our service territory. The CSM has an excellent relationship with the tribal communities which will be critical in outreach efforts. Tribal communities can be difficult to reach and are typically not receptive to ‘outsiders’; having someone with an existing relationship to help ‘get our foot in the door’ could prove very valuable in building trust.</p> <p>Through conversations with Focus, the preferred course of action is to target one community with a select group of offerings and gauge the tribe’s interest and participation prior to possible expansion to other tribes. Our CSM has played a critical role in the development of these offering ideas as he has a strong understanding of tribal challenges related to energy efficiency, most of which stem from the lack of resources.</p>



	<p>Full details of the program offering are not available since, upon approval, we would want to involve the tribal leaders and housing authority staff in order to get buy-in. However, the list of possible options is provided below. These offerings are intended to be no- or low-cost to the customer in order to overcome barriers to participation due to lack of resources to support energy efficiency improvements.</p> <p><b>Residential</b>  Free Home Energy Assessment (if available, use tribe's own contractor and possibly purchase a blower door for the community)  \$1,500 towards home improvements identified during the assessment  Free furnace and a/c tune-up  Provide an energy saving pack to each home and install  Offer education awareness collateral</p> <p><b>Business</b>  Free high-level assessment (either Focus or Mid-Market)  Direct install of energy saving measures to those completing an assessment  Offer discounted measure bundle  Funding for improvements  Enhanced incentives</p> <p><b>Critical Infrastructure (schools, healthcare, water, sewer)</b>  Free comprehensive energy assessment  Funding for improvements  Enhanced incentives  Energy efficiency training scholarships</p> <p><b>Community Reward</b>  The idea of a community reward to incentivize the tribal community for their energy related efforts has been discussed. The reward would require input from the tribal community and would be offered for achieving specific goals or milestones, such as behavioral changes or number of projects completed within the tribal community.</p> <p>As mentioned earlier, one tribe would be selected for this initial offering. Based on the three tribes in NSPW service territory and reviewing each tribe's infrastructure, it was decided the Lac Courte Oreilles Band of Lake Superior Chippewa Indians (LCO Tribe) is the first choice. The LCO Tribe has their own school and community college, healthcare facility, fire station, wastewater treatment facility and many businesses. Their housing authority manages approximately 400 rental and homeowner units. They have a 20% unemployment rate, 27% of the households are below the Federal Poverty Level and 65% of multi-family occupants are making less than 80% of the median income of \$26,000*.</p>
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	<p>The cost for this initiative would be shared between Focus and NSPW, with the possibility of some dollars coming from OEI to help with customers using propane. Preliminary figures for NSPW's portion of offering this to the LCO Tribe is \$100,000. The majority of the cost is for the additional incentives and project funding, with an additional \$25,000 being budgeted for promotion, expenses, labor and evaluation. Even though the total projected spend is \$100,000, NSPW is only proposing to increase the budget by \$49,500. No additional dollars were added to the 'Commercial Labor' and 'Commercial Incentives' line items due to an underspend in those areas the past two years. See budget information in Sections Two and Three for more information on budget impacts.</p> <p>NSPW is seeking approval to pursue a collaborative initiative between Focus, the LCO Tribe (or an alternate tribe) and NSPW. Upon approval, NSPW and Focus could verify the LCO Tribe's interest in participating and could begin work on specific design elements of the program.</p>
	*Source: 2019 Lac Courte Oreilles Community Assessment